



House Bill No. 5201

Public Act No. 10-11

**AN ACT CONCERNING INTEREST PENALTIES ON LATE
PAYMENT OF ASSESSMENTS TO THE SECOND INJURY FUND.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 31-354 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) There shall be a fund to be known as the Second Injury Fund. Each employer, other than the state, shall, within thirty days after notice given by the State Treasurer, pay to the State Treasurer for the use of the state a sum in payment of his liability under this chapter which shall be calculated in accordance with the Second Injury Fund surcharge base, as defined in section 31-349g, and shall be assessed in accordance with subsection (f) of section 31-349, sections 31-349g, 31-349h and 31-349i, this section, section 31-354b and sections 8 and 9 of public act 96-242*. Such sum shall be an amount sufficient to (1) pay the debt service on state revenue bond obligations authorized to be issued under and for the purposes set forth in section 31-354b including reserve and covenant coverage requirements, (2) provide for costs and expenses of operating the Second Injury Fund, and (3) pay Second Injury Fund stipulations on claims settled by the custodian or other benefits payable out of the Second Injury Fund and not funded through state revenue bond obligations and shall be determined in

House Bill No. 5201

accordance with the regulations adopted pursuant to the provisions of section 31-349g. The custodian shall establish a factor for the annual surcharge that caps such surcharge for the fiscal years ending June 30, 1996, 1997 and 1998. In determining such factor the custodian shall consider the funding mechanism authorized by subsection (f) of section 31-349, sections 31-349g, 31-349h and 31-349i, this section, section 31-354b and sections 8 and 9 of public act 96-242, recognize that an acceptable level of employer assessment is important to the vitality of the economy of the state and nevertheless shall assure provision of services to injured workers that enhances their ability to return to work and improve their quality of life. In any event, such factor shall not exceed, with respect to insured employers, a rate of fifteen per cent on the Second Injury Fund surcharge base with respect to workers' compensation and employers' liability policies and, with respect to self-insured employers, a comparable percentage limitation representing their pro rata share of any assessment. Any employer or any insurance company acting as collection agent for the custodian of the Second Injury Fund who fails to pay in accordance with such regulations shall pay a penalty to the State Treasurer of fifteen per cent [or a minimum of fifty dollars] on the unpaid assessment or surcharge or fifty dollars, whichever is greater. Interest at the rate of six per cent per annum shall be charged on any amounts owed on assessment audits or surcharge audits. For self-insured employers interest shall accrue thirty days after notice from the Second Injury Fund of the unpaid audit assessment. For insurance companies, the interest shall accrue from the date of the notice of audit errors or deficiencies as determined by the date postmarked by the United States Postal Service. The State Treasurer shall notify each employer of the penalty or interest provision with the notice of assessment. Any partial payments made to the fund shall be first applied to any unpaid penalty, then to any unpaid interest and the remainder, if any, to the unpaid assessment or surcharge. Interest or penalties shall be applied if assessment or surcharge reports or payments are postmarked by the

House Bill No. 5201

United States Postal Service after the designated due date. The sums received shall be accounted for separately and apart from all other state moneys and the faith and credit of the state of Connecticut is pledged for their safekeeping. The State Treasurer shall be the custodian of the fund and all disbursements from the fund shall be made by the Treasurer or the Treasurer's deputies. The moneys of the fund shall be invested by the Treasurer in accordance with applicable law and section 8 of public act 96-242. Interest, income and dividends from the investments shall be credited to the fund. Each employer, each private insurance carrier acting on behalf of any employer and each interlocal risk management agency acting on behalf of any employer shall annually, on or before April first, report to the State Treasurer, in the form prescribed by the State Treasurer, the amount of money expended by or on behalf of the employer in payments for the preceding calendar year. Each private insurance carrier, each self-insurance group and each interlocal risk management agency shall submit annually, on or before April first, to the State Treasurer, in the form prescribed by the State Treasurer, a report of the total Second Injury Fund surcharge base collected in the preceding calendar year and a report of the projected total Second Injury Fund surcharge base for the current calendar year. The fund shall be used to provide the benefits set forth in section 31-306 for adjustments in the compensation rate and payment of certain death benefits, in section 31-307b for adjustments where there are relapses after a return to work, in section 31-307c for totally disabled persons injured prior to October 1, 1953, in section 31-349 for disabled or handicapped employees and in section 31-355 for the payment of benefits due injured employees whose employers or insurance carriers have failed to pay the compensation, and medical expenses required by this chapter, or any other compensation payable from the fund as may be required by any provision contained in this chapter or any other statute and to reimburse employers or insurance carriers for payments made under subsection (b) of section 31-307a. The assessment required by this

House Bill No. 5201

section is a condition of doing business in this state and failure to pay the assessment, when due, shall result in the denial of the privilege of doing business in this state or to self-insure under section 31-284. Any administrative or other costs or expenses incurred by the State Treasurer in connection with carrying out the provisions of this part, including the hiring of necessary employees, shall be paid from the fund. The State Treasurer may adopt regulations, in accordance with the provisions of chapter 54, prescribing the practices, policies and procedures to be followed in the administration of the Second Injury Fund.

(b) The State Treasurer shall establish within the Second Injury Fund three accounts to be known as the operating account, the settlement account and the finance account which accounts shall be held separate and apart from each other. The operating account shall cover the costs and expenses to the state of operating the Second Injury Fund. The settlement account shall cover actual disbursement of the settled claims whether by one-time full payments or by payments over a period of time. The finance account shall contain such funds and be operated in the manner provided in section 31-354b.